

Message Text

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SUBJ: NORWEGIANS GO TO COMPULSORY ARBITRATION TO BREAK WAGE IMPASSE

REF OSLO A-17 OF 3/10/78

1. SUMMARY. THE RENEGOTIATION OF THE TWO-YEAR COMPREHENSIVE LABOR-MANAGEMENT AGREEMENT BETWEEN LO AND NAF (NORWEGIAN EMPLOYERS ASSOCIATION) REACHED AN IMPASSE WHEN TALKS WERE BROKEN OFF APRIL 12. THE AGREEMENT, THE CORE OF NORWAY'S NATIONAL INCOMES POLICY, COVERS SOME 260,000 WORKERS IN THE MOST IMPORTANT AREAS OF THE INDUSTRIAL AND SERVICE SECTORS. THE POSSIBILITY OF A STRIKE BY THE WORKERS INVOLVED WAS PRECLUDED BY THE GON'S DECISION TO ACTIVATE ITS COMPULSORY ARBITRATION MACHINERY, WHICH WAS LAST USED IN 1966. AT ISSUE IN THE NEGOTIATIONS IS AN AGREED LIMIT ON THE RATE OF WAGE DRIFT (SUPPLEMENTAL WAGE INCREASES NEGOTIATED DURING THE TERM OF THE COMPREHENSIVE AGREEMENT AT INDIVIDUAL PLANTS), AND A SUBSTANTIAL PAY HIKE FOR THE LOWEST-PAID GROUP OF WORKERS. END SUMMARY.

2. THE RENEGOTIATION OF THE TWO-YEAR COMPREHENSIVE LABOR-
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MANAGEMENT AGREEMENT BETWEEN LO AND NAF REACHED AN IMPASSE WHEN TALKS WERE BROKEN OFF APRIL 12. LO THREATENED TO CALL OUT SOME 260,000 WORKERS IN THE MOST IMPORTANT AREAS OF THE INDUSTRIAL, SERVICE AND TRANSPORT SECTORS ON APRIL 14, WHEN THE OLD AGREEMENT WAS DUE TO EXPIRE, BUT A STRIKE WAS FORESTALLED BY THE GON'S ACTIVATION OF ITS COMPULSORY ARBITRATION MACHINERY. THE COMPULSORY ARBITRATION PROCESS

WILL TAKE FROM THREE TO FOUR WEEKS TO PRODUCE A SETTLEMENT.

4. THE LO-NAF BARGAINING BEGAN CALMLY IN JANUARY, WITH BOTH SIDES IN ACCORD WITH THE GON'S CALL FOR MODERATION OF WAGE DEMANDS IN THE FACE OF RAPIDLY RISING PER UNIT PRODUCTION COSTS IN NORWEGIAN INDUSTRY, AND A DECLINE IN EXPORTS. THE GON ALSO INDICATED THAT THE SIZE OF THE PACKAGE (SUBSIDIES, TAX CUTS, ETC.) IT WAS PREPARED TO OFFER AS PART OF THE FINAL SETTLEMENT WOULD BE MODEST. LABOR THEREFORE WAS RESTRAINED IN ITS DEMANDS, AND ACCEPTED THE 8.9 PER CENT GENERAL FRAMEWORK INCREASE THAT WOULD ALLOW CATCH-UP WITH THE 1977 RATE OF INFLATION. IN ADDITION, LO WANTED INCREASES FOR THE LOWEST-PAID GROUPS OF WORKERS OVER AND ABOVE THE AMOUNT OF THE GENERAL INCREASE, AND SHOWED A WILLINGNESS TO DISCUSS LIMITS ON WAGE DRIFT. NAF, HOWEVER, COUNTERED WITH A DEMAND FOR A 5 PER CENT LIMIT ON WAGE DRIFT WHICH LO, BECAUSE OF STRONG OPPOSITION FROM THE POWERFUL IRON AND METAL WORKERS UNION, REFUSED TO ACCEPT. THE GON MEDIATOR ENTERED THE PICTURE MARCH 29, AND, AFTER CONSULTATION WITH THE GOVERNMENT, OFFERED SEVERAL PACKAGES TO THE PARTIES, ALL OF WHICH WERE REJECTED. THE MEDIATOR RECOGNIZED THAT FURTHER EFFORTS WOULD BE FRUITLESS, AND THE PARTIES LEFT THE NEGOTIATIONS APRIL 12.

4. THE GOVERNMENT WILL, IN ACCORDANCE WITH THE TERMS OF THE LABOR DISPUTE LAW, SEND A BILL TO THE STORTING ACTIVATING
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THE COMPULSORY ARBITRATION MACHINERY APRIL 17. THE TWO HOUSES WILL VOTE ON THE BILL APRIL 18 AND 21, AND EASY PASSAGE IS EXPECTED. THE GOVERNMENT WILL THEN ASK THE CHAIRMAN OF THE STATE WAGE COUNCIL TO APPOINT MEMBERS TO AN ARBITRATION BOARD, INCLUDING ONE REPRESENTATIVE EACH FROM LO AND NAF. GON SOURCES ESTIMATE THAT THE BOARD WOULD BEGIN DELIBERATIONS ABOUT TWO WEEKS AFTER PASSAGE OF THE ENABLING ACT BY THE STORTING, AND WOULD PRODUCE A FINAL SETTLEMENT SHORTLY THEREAFTER.

5. WITH THE BREAKDOWN OF THE CENTRAL LO-NAF TALKS, OTHER IMPORTANT LABOR NEGOTIATIONS HAVE RECESSED, INCLUDING THOSE OF NATIONAL AND LOCAL GOVERNMENT WORKERS AND TEACHERS, UNTIL AFTER THE ARBITRATION BOARD HAS COMPLETED ITS WORK. THE GOVERNMENT HAS ALSO INDICATED THAT IT WILL HOLD UP FINAL REVISION OF THE LONG-TERM ECONOMIC PLAN AND THE BUDGET UNTIL THE SHAPE OF THE LO-NAF SETTLEMENT BECOMES CLEAR. CONSIDERATION OF THE INCOMES SETTLEMENT FOR FARMERS WILL ALSO BE POSTPONED.

6. COMMENT: WE EXPECT THAT THE COMPULSORY ARBITRATION SETTLEMENT WILL SPLIT THE DIFFERENCE ON WAGE DRIFT BETWEEN NAF'S

DEMAND FOR A LIMIT OF 5 PER CENT AND LO'S APPARENT WILLINGNESS TO ACCEPT 6 TO 6.5 PERCENT WITH A SETTLEMENT FIGURE OF 5.5 TO 6 PERCENT. THE ARBITRATION BOARD'S DECISION WILL ALSO PROVIDE SOMETHING FOR THE LOWEST-PAID, PROBABLY BASED ON THE MEDIATOR'S EARLIER PROPOSAL OF 0.80 NK PER HOUR OVER AND OABOVE THE GENERAL WAGE INCREASE. THE PARTIES CAN BE EXPECTED TO ACCEPT THE DECISION WITHOUT MUCH FUSS. THE ESTABLISHMENT OF THE PRINCIPLE OF A LIMIT WAGE DRIFT WILL OFFER SOME SATISFACTION TO NAF. LO WILL BE SEEN AS RESISTING WAGE DRIFT LIMITATION TO THE LAST, AND, IN ANY EVENT, CONTROLS ON WAGE DRIFT WILL BE VERY DIFFICULT TO ENFORCE. WITH LO AND NAF FORCED TO ACCEPT THE ARBITRATION BOARD DECISION, AND WITH THE POSSIBILITY THAT COMPULSORY ARBITRATION CAN BE IMPOSED ON OTHER WAGE NEGOTIATIONS IF NECESSARY, RE-UNCLASSIFIED

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STRAINT CAN BE EXPECTED IN THE REMAINING SETS OF LABOR TALKS THIS YEAR.
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